



OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



FILE COPY

DARLENE GREEN
Comptroller

Internal Audit Section

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November 9, 2009

Dave Neighbors, Executive Director
World Changers
4257 Magnolia Avenue
St. Louis, MO 63110

RE: Community Development Block Grant (CDBG) (Project #2009-CDA60)

Dear Mr. Neighbors:

Enclosed is a report of our fiscal monitoring review of World Changers, a not-for-profit organization, CDBG program, for the period May 1, 2008 through December 31, 2008. The scope of a fiscal monitoring review is less than an audit, and as such, we do not express an opinion on the financial operations of World Changers. Fieldwork was completed on July 10, 2009.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised, and has been conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and through an agreement with the Community Development Administration to provide fiscal monitoring to all grant subrecipients.

If you have any questions, please contact the Internal Audit Section at (314) 622-4723.

Sincerely,

Dr. Kenneth M. Stone, CPA
Internal Audit Executive

Enclosure

cc: Jill Claybour, Acting Executive Director, CDA
Lorna Alexander, Special Assistant for Development, CDA



CITY OF ST. LOUIS

**COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)**

**WORLD CHANGERS
CONTRACT #08-36-06
CFDA #14.218**

FISCAL MONITORING REVIEW

MAY 1, 2008 THROUGH DECEMBER 31, 2008

PROJECT #2009-CDA60

DATE ISSUED: NOVEMBER 9, 2009

**Prepared by:
The Internal Audit Section**



OFFICE OF THE COMPTROLLER

HONORABLE DARLENE GREEN, COMPTROLLER

**CITY OF ST. LOUIS
COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
WORLD CHANGERS
FISCAL MONITORING REVIEW
MAY 1, 2008 THROUGH DECEMBER 31, 2008**

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INTRODUCTION

Background

Contract Name: World Changers Home Repair Program

Contract Number: 08-36-06

CFDA Number: 14.218

Contract Period: May 1, 2008 through December 31, 2008

Contract Amount: \$20,000

This contract provided Community Development Block Grant (CDBG) funds to World Changers (Agency) for homeowners who earn low and moderated income in the 2nd ward preserve the viability for their homes by using volunteers to repair roofs and make minor repairs.

Purpose

The purpose of the review was to determine Agency's compliance with federal, state and local Community Development Administration (CDA) requirements for the period May 1, 2008 through December 31, 2008, and make recommendations for improvements as considered necessary.

Scope and Methodology

Inquiries were made regarding the Agency's internal controls relating to the grant administered by the Community Development Administration (CDA). Evidence was tested supporting the reports the Agency submitted to CDA and other procedures performed as considered necessary. Fieldwork was completed on July 10, 2009.

Exit Conference

The Agency was offered the opportunity for an exit conference by November 5, 2009, but the Agency declined.

Management's Responses

On October 26, 2009, the Agency was provided with our observations and recommendations and a response was requested by November 5, 2009; however, as of the date of the report, the Agency has not responded.

SUMMARY OF OBSERVATIONS

Conclusion

The Agency did not fully comply with federal, state and local CDA requirements.

Status of Prior Observations

This is the first fiscal monitoring report done under CDA requirements; therefore, did not have any observations.

A-133 Status

According to a letter received from the Agency dated June 23, 2009, it did not expend \$500,000 or more in federal funds in its calendar year ended December 31, 2008, and was not required to have an A-133 audit

Summary of Current Observations

Recommendations have been made for the following observations, which if implemented, could assist the Agency in fully complying with federal, state and local CDA requirements:

1. Opportunity to provide board of directors oversight to Agency's operations
2. Opportunity to submit monthly programmatic reports in a timely manner

DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT'S RESPONSES

1. Opportunity To Provide Board Of Directors Oversight To Agency's Operations

The Agency's board of directors did not hold any board meetings during the review period.

Sound accounting practices require that the board of directors hold regular board meetings and review the operations of the Agency to ensure that the federal, state and local requirements of the grant funds are fully complied with and the objectives of the grant program are being achieved.

The Agency did not have a system of internal controls in place to ensure that its board of directors meets on a regular basis to fulfill its oversight responsibilities to the Agency's operations.

The lack of the board of directors' oversight may lead to the mismanagement of the grant fund resulting in suspension or termination of the federal award.

Recommendation

We recommend the Agency:

- Hold regular board of directors meetings to ensure compliance with requirements of the grant funds
- Record and document the approval of the minutes of the meeting to follow up on the unresolved matters at the next board meeting

Management's Responses

On October 26, 2009, the Agency was provided with our observations and recommendations and a response was requested by November 5, 2009; however, as of the date of the report, the Agency has not responded.

2. Opportunity To File Monthly Programmatic Reports In A Timely Manner

The Agency did not submit any monthly programmatic reports to CDA for the review period.

Section 6 (Reporting) of the contract agreement requires that monthly programmatic reports be submitted to CDA by the 10th of every month, following the reporting period.

The Agency did not have adequate internal controls in place to prepare the monthly programmatic reports and submit them to CDA within the required time-period.

Non-submission of the monthly programmatic reports may deprive CDA from determining whether the federal, state and local CDA requirements of the grant funds are complied with and the objectives of the grant agreement are being achieved. In addition, non-compliance with the terms and conditions of the contract agreement may result in suspension or termination of the federal award.

Recommendation

It is recommended that the Agency establish a system of internal control to ensure that the monthly programmatic reports are submitted to CDA by the 10th of month following the reporting month.

Management's Response

On October 26, 2009, the Agency was provided with our observations and recommendations and a response was requested by November 5, 2009; however, as of the date of the report, the Agency has not responded.